

National Credit Union Administration



Operating Fund

***Financial Highlights
July 31, 2005***

**Dennis Winans
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
July 31, 2005

Balance Sheet

Overnight Investments decreased \$4.3 million for payment of operating expenses.

Fixed assets (equipment) increased \$344,000 due to the purchase of computer and network equipment.

Other Current Liabilities decreased \$5.1 million. The majority of the decrease is the result of deferred income that will be recognized evenly over the remaining calendar period.

Statement of Revenue and Expense

Net income for the month was \$834,000 higher than planned due to all expenses being under budget.

Statement of Cash Flow

Cash decreased by \$4.3 million for the month, reflecting payment of operating expenses and minimal revenue collections. As of July 31, operating fees of approximately \$17,300 remain outstanding.

Budget (Year-to-Date)

Agency spending was under budget by \$9.1 million or 10.7 percent. Pay, benefits, and travel were under budget by 9.0 percent, and comprised \$6.5 million or approximately three-quarters of the total budget variance. The remaining variance of \$2.6 million was mainly derived from contracted services.

Vacancies

The agency had 41 vacancies (excluding summer interns) as of July 23 -- down from 46 in June. Of the 41 vacancies, there were 25 vacancies in the central office, 8 vacancies in the regional offices and AMAC, and 8 vacancies in the field staff. The 41 vacancies represent 4.27 percent of total authorized staff of 960.97.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
July 31, 2005

	July 2004	June 2005	July 2005
ASSETS			
ASSETS:			
Current Assets			
Cash	\$5,982.42	\$5,592.71	\$5,744.39
Overnight Investments	53,622,000.00	54,559,000.00	50,225,000.00
Accounts Receivable	415,897.59	651,250.30	564,478.54
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	509,477.30	748,928.43	877,732.32
Home Purchase Program	552,817.60	281,564.13	281,564.13
Other	1,356.81	(1,060.03)	500.00
<i>Total Current Assets</i>	<u>55,107,531.72</u>	<u>56,245,275.54</u>	<u>51,955,019.38</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	28,751,570.00	28,123,871.00	28,050,965.00
Capital Lease	1,765,260.08	816,228.27	729,351.43
Equipment	2,100,427.09	2,083,921.09	2,428,406.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>36,563,521.12</u>	<u>34,970,284.31</u>	<u>35,154,986.47</u>
TOTAL ASSETS	<u><u>91,671,052.84</u></u>	<u><u>91,215,559.85</u></u>	<u><u>87,110,005.85</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	1,848,819.35	1,088,550.20	1,689,219.49
Accrued Employee Compensation	15,639,019.85	15,603,246.60	15,619,370.02
Other Current Liabilities	25,121,498.90	31,062,082.34	25,935,046.44
<i>Total Current Liabilities</i>	<u>42,609,338.10</u>	<u>47,753,879.14</u>	<u>43,243,635.95</u>
Non-Current Liabilities			
Notes Payable	25,701,302.84	24,472,110.15	24,360,365.36
Other	1,602,740.61	815,930.48	558,904.02
<i>Total Non-Current Liabilities</i>	<u>27,304,043.45</u>	<u>25,288,040.63</u>	<u>24,919,269.38</u>
TOTAL LIABILITIES	<u><u>69,913,381.55</u></u>	<u><u>73,041,919.77</u></u>	<u><u>68,162,905.33</u></u>
FUND BALANCE:			
Beginning Balance	17,246,526.20	14,934,623.95	14,934,623.95
Current Year Earnings	4,511,145.09	3,239,016.13	4,012,476.57
TOTAL FUND BALANCE	<u><u>21,757,671.29</u></u>	<u><u>18,173,640.08</u></u>	<u><u>18,947,100.52</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$91,671,052.84</u></u>	<u><u>\$91,215,559.85</u></u>	<u><u>\$87,110,005.85</u></u>

National Credit Union Administration Operating Fund
Statement of Revenue & Expense
July 31, 2005

	July 2005 Monthly Actual	July 2005 Monthly Budget	July 2005 Year-To-Date Actual	July 2005 Year-To-Date Budget	July 2004 Year-To-Date Actual
REVENUE:					
Interest Income	\$145,313.62	\$41,666.67	\$670,516.02	\$291,666.65	\$259,495.21
Program-related Income	5,175,391.73	5,067,500.00	36,141,661.08	35,472,500.00	34,607,406.70
Other Income	11,633.16	12,500.00	96,286.08	87,500.00	57,016.29
Total Revenue	<u>5,332,338.51</u>	<u>5,121,666.67</u>	<u>36,908,463.18</u>	<u>35,851,666.65</u>	<u>34,923,918.20</u>
EXPENSES:					
Employee Pay	2,881,390.29	3,105,589.55	20,440,903.55	22,174,673.01	19,195,130.64
Employee Benefits	735,006.74	803,248.53	5,329,945.74	5,731,977.88	4,852,748.27
Employee Travel	447,014.97	459,343.72	2,548,686.60	3,215,406.60	2,347,379.98
Rent/Communications/Utilities	111,082.60	140,828.63	872,199.73	985,800.10	1,013,560.28
Administrative Costs	140,563.24	376,191.48	2,438,972.58	2,633,340.53	1,952,029.83
Contracted Services	243,820.23	296,929.95	1,265,278.41	2,078,509.77	1,051,924.11
Total Expenses	<u>4,558,878.07</u>	<u>5,182,131.86</u>	<u>32,895,986.61</u>	<u>36,819,707.89</u>	<u>30,412,773.11</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u><u>\$773,460.44</u></u>	<u><u>(\$60,465.19)</u></u>	<u><u>\$4,012,476.57</u></u>	<u><u>(\$968,041.24)</u></u>	<u><u>\$4,511,145.09</u></u>

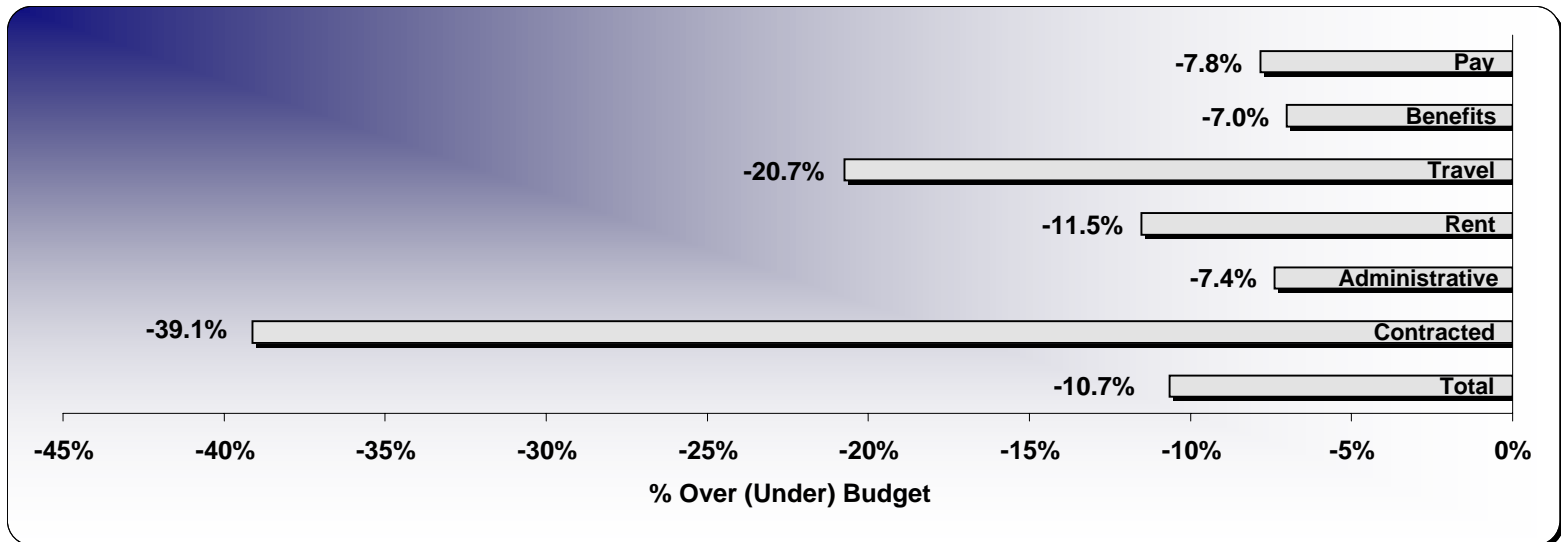
National Credit Union Administration Operating Fund
Statement of Cash Flow
July 31, 2005

	Month July 2004	Month July 2005	Y-T-D July 2004	Y-T-D July 2005
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$47,283.62	\$16,705.15	\$59,797,492.62	\$61,946,282.23
Interest received from cash and cash equivalents	62,490.38	145,313.62	259,495.21	670,516.02
Other income received	3,515.00	11,633.16	57,016.29	96,286.08
(Cash paid for operating expenses)	(2,616,202.78)	(3,574,172.99)	(27,245,636.96)	(27,540,677.98)
Net cash (used) provided by operating activities:	<u>(2,502,913.78)</u>	<u>(3,400,521.06)</u>	<u>32,868,367.16</u>	<u>35,172,406.35</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(125,913.60)	(454,990.00)	(1,195,540.09)	(1,026,869.15)
(Capital lease payments)	(375,273.89)	(366,592.47)	(1,160,293.14)	(1,110,912.89)
Proceeds (purchases) home purchase program	0.00	0.00	(552,817.60)	(248,469.06)
Net cash (used) in investing activities	<u>(501,187.49)</u>	<u>(821,582.47)</u>	<u>(2,908,650.83)</u>	<u>(2,386,251.10)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(782,213.53)	(782,213.53)
Net cash (used) in financing activities	<u>(111,744.79)</u>	<u>(111,744.79)</u>	<u>(782,213.53)</u>	<u>(782,213.53)</u>
NET INCREASE (DECREASE) IN CASH	(3,115,846.06)	(4,333,848.32)	29,177,502.80	32,003,941.72
Cash and cash equivalents at beginning of period	56,743,828.48	54,564,592.71	24,450,479.62	18,226,802.67
Cash and cash equivalents at end of period	<u>\$53,627,982.42</u>	<u>\$50,230,744.39</u>	<u>\$53,627,982.42</u>	<u>\$50,230,744.39</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$707,074.90</u>	<u>\$773,460.44</u>	<u>\$4,511,145.09</u>	<u>\$4,012,476.57</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	177,268.60	268,346.15	1,145,186.38	1,863,667.86
Unrealized (gain) loss	0.00	0.00	0.00	71,478.11
(Gain) loss on disposal of fixed assets	0.00	1,839.00	3,720.00	1,839.00
(Gain) loss on disposal of homes	0.00	0.00	0.00	13,524.98
Interest expense on leases	13,636.03	3,692.48	57,800.44	15,927.02
Miscellaneous allowances	948.06	102.69	(3,209.25)	102.69
Change in current assets and liabilities				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	105,873.53	105,873.53	317,620.59	317,620.59
Accounts receivable	358,713.70	86,771.76	2,025,261.61	263,083.51
Interest receivable	0.00	0.00	583.97	0.00
Prepaid expenses	31,223.56	(128,803.89)	(242,259.62)	(289,725.22)
Other assets	74,659.87	(1,560.03)	(1,356.81)	(500.00)
Increase (decrease) in liabilities:				
Accounts payable	299,261.29	600,669.29	(602,880.99)	(629,359.98)
Accrued employee compensation	740,004.77	16,123.42	(80,576.57)	3,658,582.78
Other non current liabilities	87,058.85	0.00	482,624.48	(0.00)
Other current liabilities	(5,098,636.93)	(5,127,035.90)	25,254,707.85	25,873,688.44
Total adjustments	<u>(3,209,988.68)</u>	<u>(4,173,981.50)</u>	<u>28,357,222.07</u>	<u>31,159,929.78</u>
Net cash (used) provided by operating activities	<u><u>(2,502,913.78)</u></u>	<u><u>(3,400,521.06)</u></u>	<u><u>\$32,868,367.16</u></u>	<u><u>\$35,172,406.35</u></u>

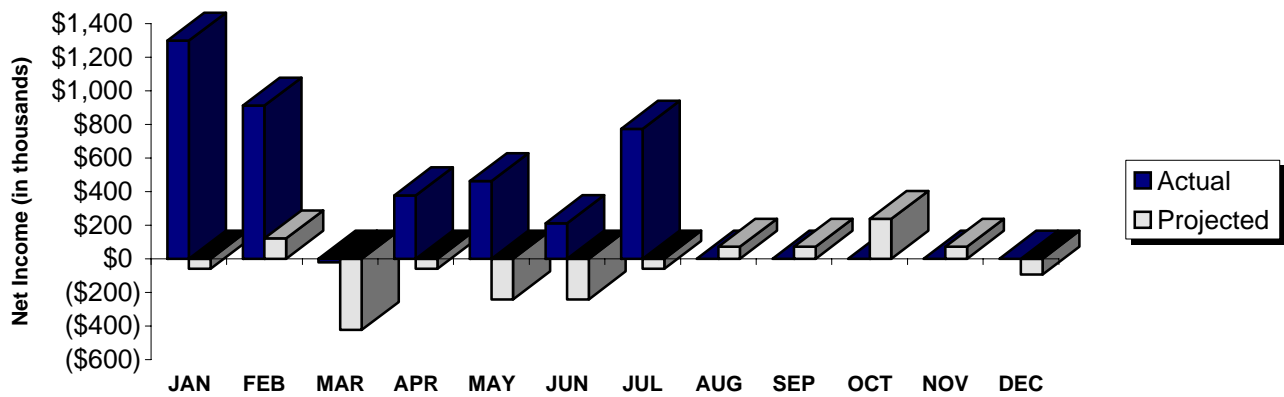
National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
July 31, 2005

	2005				2004			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	51,569,007	47,536,985	(4,032,022)	-7.8%	51,359,922	47,749,081	(3,610,841)	-7.0%
Benefits	13,330,181	12,395,223	(934,958)	-7.0%	13,134,802	12,071,513	(1,063,289)	-8.1%
Travel	7,477,690	5,927,178	(1,550,512)	-20.7%	7,870,436	5,839,254	(2,031,182)	-25.8%
Rent, Communications, & Utilities	2,292,558	2,028,371	(264,187)	-11.5%	2,593,128	2,521,294	(71,834)	-2.8%
Administrative	6,124,048	5,672,029	(452,019)	-7.4%	7,382,347	4,855,796	(2,526,551)	-34.2%
Contracted Services	4,833,744	2,942,508	(1,891,236)	-39.1%	4,773,562	2,616,727	(2,156,836)	-45.2%
TOTAL	85,627,227	76,502,294	(9,124,933)	-10.7%	87,114,197	75,653,664	(11,460,533)	-13.2%

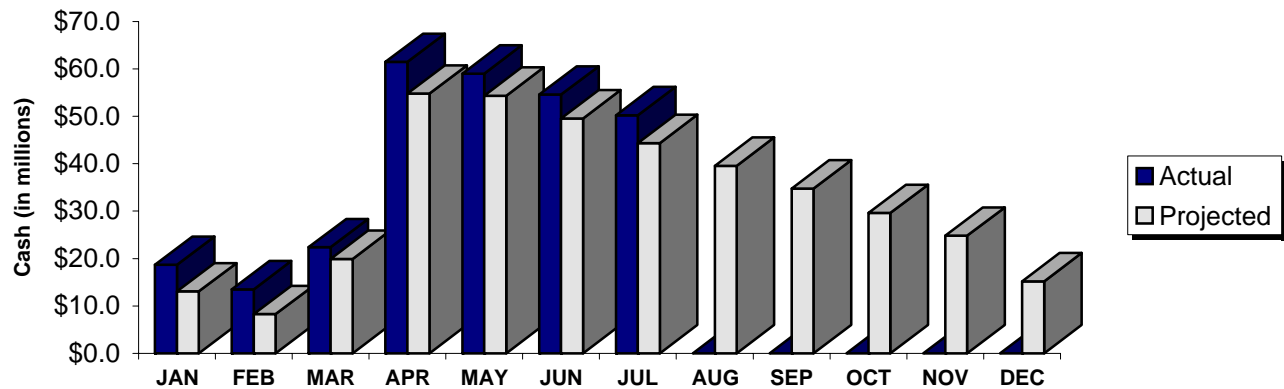
Percent Over (Under) Budget
July 31, 2005



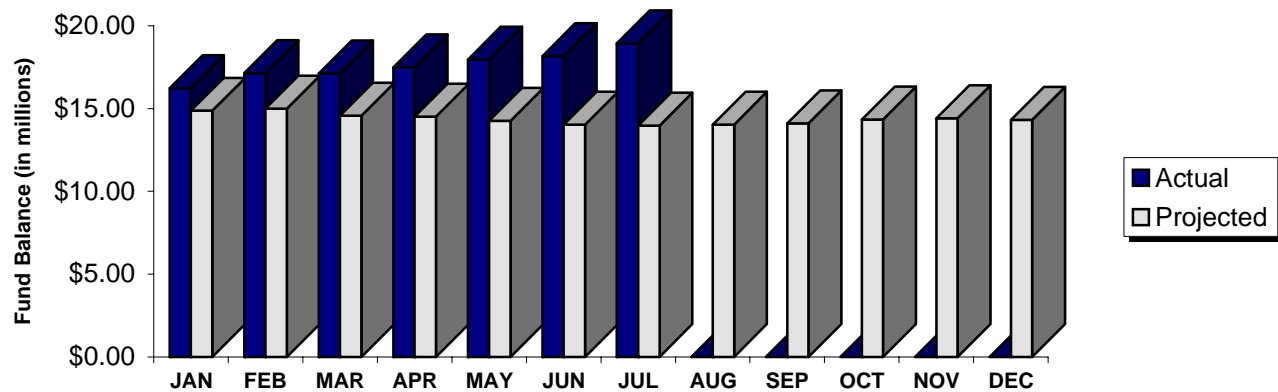
Actual & Projected Net Income (2005)



Actual & Projected Cash Balance (2005)



Actual & Projected Fund Balance (2005)



National Credit Union Administration Operating Fund

Ratios July 31, 2005

BALANCE SHEET	July 2004	July 2005
<u>Liquid assets / Total assets</u>	58.50%	57.66%
<u>Current assets / Total assets</u>	60.11%	59.64%
<u>Fixed assets / Total assets</u>	39.89%	40.36%
<u>Current liabilities / Total assets</u>	46.48%	49.64%
<u>Non current liabilities / Total assets</u>	29.78%	28.61%
<u>Retained Earnings / Total assets</u>	23.73%	21.75%
STATEMENT OF REVENUE & EXPENSE		
<u>YTD Interest & other income / Total revenue</u>	0.91%	2.08%
<u>YTD Program related income / Total revenue</u>	99.09%	97.92%
<u>YTD Expenses / Total revenue</u>	87.08%	89.13%
<u>YTD Net income / Total revenue</u>	12.92%	10.87%
CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$29.2	\$32.0
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	119.3%	175.6%
<u>Cash and cash equivalents / Total assets</u>	58.5%	57.7%